

**Governor Schwarzenegger:  
It's Time to Act on Getting  
Unemployment Insurance Benefits Out the Door**

**By Assemblyman Jose Solorio**

There are currently more than 2.2 million unemployed workers in California. In addition to being jobless, they face increased risk of marital strain, anxiety, depression, physical illness and feelings of hopelessness. And that's before they endure the exasperating experience of applying for unemployment insurance benefits through California's dysfunctional Employment Development Department (EDD).

EDD is the state agency entrusted to provide unemployment benefits to people who become unemployed through no fault of their own. The problems there are major. The distribution of unemployment insurance benefit extension checks are late by sometimes weeks or months, delays in approving job training benefits can extend indefinitely, massive amounts of staff overtime are common, spending priorities of federal grants are questionable, and — most problematic — EDD seems to have an inability to even answer the phone to talk to unemployed workers. It averages about 17 attempts to reach EDD by phone.

As Chair of the Assembly Insurance Committee, I convened an oversight hearing on February 3 to address the EDD's administration of the unemployment insurance program. The Committee wanted answers to why EDD is not meeting federal performance standards in paying unemployment benefits in a timely manner, and why the department's performance ranks among the worst in the nation.

To be fair, it must be said that the demand for EDD services is unprecedented. In 2009, the Department paid a record \$20.2 billion in unemployment insurance benefits that helped sustain families and support local communities struggling to survive the economic pressures of the two-year-old Great Recession.

But EDD could have prevented much of the current strain on their agency. EDD has been unable to manage a set of long-term technology projects that if completed would have streamlined the avalanche of recent unemployment insurance claims. These technology projects are running \$63 million over original cost estimates, and in some cases are nearly six years behind schedule.

At the hearing, the EDD's chief information officer was so embarrassed over the department's past inability to complete these projects that he testified that he would resign if project deadlines slipped again.

EDD has been a sinking ship for years and without a captain for nearly two months. Somebody must account for EDD's performance record. The Governor's lack of attention to finding a capable replacement to fill the EDD director vacancy significantly contributes to EDD's lack of accountability. When asked at the hearing if the Governor might appoint a director for EDD anytime soon, the chief deputy director said she did not know and admitted she has not asked the Governor's office if an appointment is pending.

It's time to jolt EDD into providing the customer service that Californians deserve, especially those unemployed workers with tremendous financial need. As a result of what the Assembly Insurance Committee learned last week, I have requested the State Auditor to conduct an audit of EDD and the unemployment insurance program, and I will introduce or co-sponsor legislation to address several of the key problems. The legislation would:

- 1) Exempt EDD's employees from furloughs. These positions are 100 percent federally funded. Therefore, EDD furloughs provide no savings to the state. Now is not the time to cut services to unemployed workers.
- 2) To coincide with President Obama's and Governor Schwarzenegger's call for more training programs, eliminate the statutory barriers that interfere with unemployed workers accessing training programs. A labor force with skills in demand is vital to California's economic recovery.
- 3) Assign one or more EDD employees to each of the One Stop Employment Centers throughout the state to assist unemployed workers directly, answer questions and solve problems with unemployment insurance claims. A telephone system incapable of handling high volumes of calls is not acceptable.

Also, and of utmost importance, we call on the Governor to act swiftly and appoint a new and capable EDD Director. We believe the lack of leadership at EDD significantly contributes to the department's difficulties and poor program performance.

The \$20 billion paid in benefits to Californians in 2009 translates into an economic impact of about \$32 billion dollars to the general economy when factoring in how benefits spent on necessities leads to new economic activity. The U.S. Department of Labor estimates the economic multiplier is \$1.60 for every dollar paid out in benefits.

Clearly, the state cannot afford delays in getting benefits out the door. Governor Schwarzenegger needs to fill the EDD director position, work with the new director to bring EDD up to national standards, and eliminate hurdles blocking the

EDD from performing efficiently. If the Governor needs any legislation to help get the job done, the Legislature is ready to help.

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